

IN the Public Trust Newsletter



For Indiana Public Library Trustees Volume 1, Number 2, May 2003



Public Library Budgets

Will my library have any money on June 30?
This seems to be a very hot question this year.

Don't be afraid to borrow money from a local bank or the Indiana Bond Bank. The tax draws will come, just late. The first possibility for borrowing money is to borrow from the other accounts the library has such as LIRF, LCPF, or the gift fund and pay them back as soon as the tax draw is received. Another possibility for borrowing is a "line of credit" with your local bank. By having a line of credit up to the amount of the tax draws, the library will only have to borrow as the money is actually needed. The third possibility is a tax anticipation warrant. To do a tax anticipation warrant, the library will need to follow the procedure for advertising and opening bids. This procedure is in the Accounting and Compliance Manual for Libraries, Chapter 2-20 and 21.

Reassessment throughout Indiana seems to be a slow process. All local governments have the same problem with reassessment this year. Not only do you not have the assessed valuation of property to determine what your real 2003 property tax rates will be and no final budget order from the Department of Local Government Finance, you do not have any information to help you begin your deliberations for a 2004 budget. So far only Hamilton, Monroe, Wells, and Vanderburgh. I am going to try to address some of these issues in this newsletter.

(1) 2003 Final Budget Order

The Department of Local Government Finance will issue the final budget order for 2003's budget as quickly as they possibly can after receiving the final information about the reassessment of property in your county. Once you get the final budget order, you will have an assessed valuation total for your library service area.

If you do not receive the final budget order in time to begin your 2004 budget process, it has

been recommended from Department of Local Government Finance that you should use the latest assessed valuation that you have been given prior to reassessment and add 40% of that assessed valuation to it for 2004.

An example would be:

Assessed Valuation = \$20,000,000

40% of Assessed Valuation = \$8,000,000

New Assessed Valuation = \$28,000,000

Once you have determined the new assessed valuation you can proceed with completing your budget forms for 2004.

(2) 2004 Budget Forms

Please be aware that the budget forms changed in 2002. You will need to have your director order a set of budget forms. If your director is not sure who prints these forms, he/she can contact Library Development Office for a vendor's name. Your director might want to check locally with printers to see if they carry the forms before ordering from a printer outside your community.

(3) Purpose of Budgeting

"The library budget provides a map for the Library Director and taxpayers that identifies the operating costs considered essential to the successful operation of the library for a given period of time".⁽¹⁾

"In an indirect way, every budget provides some statement of community goals".⁽¹⁾ Public libraries in Indiana are required to complete a "Long Range Plan" as part of their obligation to meet Public Library Standards. The goals, objectives and actions of this plan are the benchmark to use to establish programs and purchase materials for your community's needs.

"The statement that the budget is a map implies that budgeting must be more than simply compiling an annual report to be approved by you. Each Library Director must constantly monitor receipts and expenditures and compare

those to actual budgeted figures. The Library Director must insure that budget items are classified, expended, and estimated properly to maintain taxpayer trust.”⁽¹⁾ The policies and procedures established by the Library Board give support to the Library Director to identify trends and needs of the Library.

(4) Public Library Budget Timeline

Aug. 31, - **LAST DATE** for publication of budget and tax rate for the first time (at least one week prior to the second publication) (I.C. 20-14-3-10(b)(1))

Sept. 7 - **LAST DATE** for publication of budget and tax rate for the second time (at least 3 days prior to public hearing and at least one week after the first publication) (I.C. 5-3-1-2)

Sept. 10 - **LAST DATE** for public hearing held by the library board (at least 10 days prior to adoption of the budget) (I.C. 6-1-1-17-5a)

Sept 17 - **LAST DATE** for ten or more taxpayers to file an objection petition with the public library board. The objection petition must specifically identify the provisions of the budget, tax rate, and tax levy to which the taxpayers object. (not more than seven (7) days after the hearing, IC 6-1.1-17-5b)

Sept. 19 - **LAST DATE** to file an excessive levy appeal with the Department of Local Government Finance. (IC 6-1.1-18.5-12b)

Sept. 20 - **LAST DATE** to adopt budgets and tax rates (by law, not later than September 20 of any year). (IC 20-14-3-10b(2))

Sept. 22 - **LAST DATE** to file all budget forms with county auditor. (IC 6-1.1-17-5a)

By law, you are required to have the minimum number of days between each step of the budget timeline. If you don't want to meet more than once a month, the public hearing can be scheduled for just before the regularly scheduled board meeting in August, then schedule the adoption of the budget just before the regularly scheduled board meeting in September, provided the September date is between September 1 and September 20.

You are required to have a separate legal ad for the public library budget. You are required to use Budget Form 3 for the legal ad.

(5) How Many Original Copies are Needed

By law you must send one (1) original and (1) copy to the county auditor no later than September 22 each year.

It is suggested that you have three (3) originals of Forms 1, 2, 4, 4B, and 5; two (2) for the county auditor and one (1) for the library. It is suggested that you have an original of Form 3 for each newspaper you are advertising the budget in, plus two (2) originals for the county auditor and one (1) original for the library. If you decide to follow this suggestion, please sign each form, so that the signatures will all be originals.

(6) Suggestions for Form 1 and 2

It has always been the suggestion from Library Development Office, Indiana State Library, that you plan the budget a little higher than what you think you may receive (Form 1) and plan the miscellaneous revenue (Form 2) low. If you follow this suggestion and there is an error in the calculation of the revenue you are to receive from tax dollars, you have probably advertised the budget high enough to not be hurt by the errors. If the revenue is correct, you will be asked to reduce the budget by the amount you increased it beyond what you were allowed by law. This will not happen until the Department of Local Government Finance has determined that you have over advertised. You will have 7 days to respond to the possible cuts in your budget.

The reverse of this is that, if you were being very conservative and did not increase your budget a some, then found out the revenue is higher than what you advertised, you cannot go back and redo the budget to include the additional revenue. ONLY, if you have advertised the budget high will you be able to receive the additional revenue.

If you have questions concerning the budgeting process, please feel free to call or email Library Development Office or call Department of Local Government Finance at 1-317-232-3773.

Library Development Office, 1-800-451-6028
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Did you know you could join a trustee listserv? Go to "www.statelib.lib.in.us/www/isl/whoweare/ldo.html" and click on "list".